Thye Huat Chan Sdn Bhd v Thye Shen Trading Sdn Bhd & Anor

HIGH COURT (KUALA LUMPUR) — ORIGINATING MOTION NO D2–25–8 OF 1997
ABDUL AZIZ MOHAMMAD J
4 JULY 2008

Trade Marks — Infringement of — Use of trademark — Whether infringing trademark identified with sufficient precision — Whether applicant had exclusive use of trademark — Trade Descriptions Act 1972 s 16(1)

Trade Marks — Trade description — Trade description order — Application for trade description order ('TDO') by proprietor of registered trademarks — TDO granted in respect of trademarks — Extracted order was in respect of get-up — Extracted order did not represent order made — Whether TDO null and void and ought to be set aside — Whether applicant for TDO had exclusive use of trademark — Trade Description Act 1972 ss 3, 4 & 16

Words and Phrases — 'Get-up' — Meaning of — Whether term 'get-up' is entirely different in concept from a trademark

Thye Huat Chan Sdn Bhd ('THC'), the applicant in the present proceedings was the registered proprietor of two trademarks ('the ABC trademarks'). The first trademark, which was registered on 20 March 1987, was in respect of rice and sago flours but not in respect of tapioca starch and the second which was from 4 October 1993, was in respect of tapioca starch, rice flour, sago flour and other goods. Although both the ABC trademarks consist of the letters ABC arranged in a triangle, in the first trademark the letters are enclosed within two concentric circles whereas, in the second trademark the letters in a triangle have the base strip shaped like the hull of a boat such that the entire design may be said to represent a sailing boat. On 22 August 1997, THC as the registered proprietor of the ABC trademarks had applied for a trade description order ('TDO') under s 16 of the Trade Description Act 1972 ('the Act'). It was THC's contention in the TDO application that it had the exclusive right to use the ABC trademarks in packaging and distributing flour-based goods in Malaysia and that it had found this trademark being used without its licence on packages of flour which were not packaged or sold by it but were available for sale to the general public in Malaysia. It therefore

submitted that there had been an infringement of its ownership rights in the trademark and sought a declaration that the alleged infringing trademark was a false trade description. The applicant also filed an affidavit in support with three photos of the sacks of tapioca starch that bore the ABC trademark. An order was accordingly made that the trademarks that were represented in the three photos tendered as evidence were, for the purposes of the Act, a false trade description in its application to flour. Although the draft order that was submitted to the court stated that the TDO was in respect of the trademark, it was amended by someone in the Registry of the High Court to become a TDO about get-up. In effect the order that was approved and accepted was therefore not the order that was granted by the judge, and the solicitors of THC who should have noticed the change did not take the steps to have the mistake corrected. After obtaining the TDO, the applicant, THC, made a complaint to the Controller of Trade Descriptions ('Controller') that the first and second respondents had committed an offence under s 3 of the Act by applying a false trade description to goods supplied by them. Based on this complaint the Controller's officers seized from the premises of the first and second respondent 2,955 bags of tapioca starch bearing the letters ABC within a triangle. On 25 May 1999 the first and second respondents were granted leave to intervene in this application which was commenced ex parte by the applicant. After the respondents filed their applications they were charged under s 3 of the Act in respect of the bags of tapioca starch seized from their premises. However the trials of the respondents have been suspended to await the outcome of these applications.

In these applications the respondents questioned THC's right to exclusive use of the ABC trademark on the grounds that THC was not the originator or the common law proprietor of the ABC trademark. They also raised certain procedural grounds as to why the TDO ought to be set aside. It was the respondents' contention that the TDO that was extracted and acted upon was not what was ordered by the judge and that therefore it should be set aside. They further submitted that the TDO in the present case was bad because it did not give a description of the infringing trademarks but had merely annexed photos of them. In addition it was submitted that TCH had failed to make full and frank disclosure when applying for the TDO, in that, it had failed to disclose to the court the fact that the respondents had been importing and selling tapioca starch bearing the ABC trademark. The respondents also sought damages to be assessed by the registrar upon setting aside of the TDO. THC, on the other hand, submitted that the respondents and the Controller were never in doubt that the subject of the TDO was the trademarks and not the get-ups in the photos that were exhibited. In addition THC contended that the TDO should not be set aside for non-disclosure because the respondents did not cease their infringing activities despite having been given cease and desist letters by THC. Finally THC relied on s 34 of the Act to oppose an order, if any, for assessment of damages. The

A main issue before this court in this application was therefore whether the TDO was valid and could form the basis of any action or prosecution for an offence.

B **Held**, setting aside the TDO with costs:

(1) A TDO is a declaration and the subject of the declaration is an infringing trademark or an infringing get-up, therefore the order must identify the infringing subject. The TDO that was ordered was in C respect of trademarks but the TDO that was extracted and acted upon and will be used in the prosecution of the respondents was in respect of get-ups. A get-up and a trademark are two entirely different things. The TDO in the form in which it was extracted was never granted and therefore had no basis for its existence. Therefore it was null and void D and ought to be set aside (see para 23).

(2) The sole purpose of a TDO is to aid in the enforcement of the Act by declaring the infringing trademark to be a false trade description. It furnishes conclusive proof of a false trade description and it also in a sense creates an offence, because an act that may not be capable of being E proved to be an offence under s 3 of the Act can now, with the TDO, be conclusively proved to be an offence. Therefore the TDO should be accurate in form and substance. Any amendment to the extracted order under the slip rule would not be possible at this stage because such an amendment would not be meaningful. A meaningful amendment of F the TDO had to be made with retrospective effect but that would be going against the rule against retrospectivity of criminal liability. The guilt of the respondents when action was taken against them depended on the TDO and if this order was invalid then the basis for action and prosecution for an offence against the respondents did not exist (see G paras 23 & 34).

(3) According to the Court of Appeal a TDO would be bad if it does not identify the infringing trademark by means of a verbal description of it and that identification by merely annexing a representation of the H infringing trademark would not satisfy s 16 of the Act. Hence in this application the court was bound by the ruling of the Court of Appeal to hold that the TDO in this case was bad in law and therefore to be set aside (see paras 29–31).

I **[Bahasa Malaysia summary**

Thye Huat Chan Bhd ('THC'), pemohon dalam prosiding ini merupakan pemilik berdaftar dua tanda dagangan ('tanda dagangan ABC'). Tanda dagangan pertama yang didaftarkan pada 20 Mac 1987, berkaitan dengan

beras dan tepung sagu, bukannya berkaitan dengan kanji ubi kayu. Kedua, yang didaftarkan dari 4 Oktober 1993, berkaitan dengan kanji ubi kayu, tepung beras, tepung sagu dan barang-barang lain. Walaupun kedua-dua tanda dagangan ABC mengandungi huruf ABC tersusun dalam segi tiga, dalam tanda dagangan pertama huruf-huruf itu berada di dalam dua bulatan sepusat. Manakala dalam tanda dagangan kedua, huruf-huruf itu berada dalam segi tiga yang mempunyai garis dasar berbentuk seperti kapal yang mana reka bentuk itu kelihatan seolah-olah seperti kapal layar. Pada 22 Ogos 1997, THC sebagai pemilik berdaftar tanda dagangan ABC memohon perintah perihal dagangan ('PPD') di bawah s 16 Akta Perihal Dagangan 1972 ('Akta tersebut'). Hujah THC dalam PPDnya bahawa THC mempunyai hak eksklusif menggunakan tanda dagangan ABC dalam pembungkusan dan pengedaran bahan berasaskan tepung di Malaysia tetapi THC mendapati tanda dagangan itu digunakan, tanpa mendapat lesen daripadanya, atas bungkusan tepung yang tidak dibungkus atau dijual olehnya, dan dijual kepada umum di Malaysia. THC menyatakan bahawa apa yang berlaku merupakan pelanggaran hak milikannya dalam tanda dagangan dan memohon satu perisytiharan bahawa pelanggaran tanda dagangan yang dikatakan itu merupakan perihal dagangan yang palsu. Pemohon juga memfailkan afidavit sokongan bersama dengan tiga gambar karung kanji ubi kayu mempunyai tanda dagangan ABC. Satu perintah kemudiannya dipohon mengatakan bahawa tanda dagangan seperti dalam gambar yang dikemukakan sebagai bukti, adalah satu perihal dagangan palsu, yang berkaitan dengan tepung, menurut maksud Akta tersebut. Walaupun draf perintah yang diserahkan kepada mahkamah menyatakan bahawa PPD itu berkaitan dengan tanda dagangan, tetapi telah dipinda oleh seseorang di bahagian Pendaftaran Mahkamah Tinggi menjadi kepada PPD cara gaya. Malahan, perintah yang diluluskan dan diterima bukan perintah yang dibenarkan oleh hakim, dan peguambela-peguambela THC sepatutnya sedar perubahan tersebut, harus membetulkan kesilapan yang berlaku. Selepas mendapat PPD tersebut, pemohon membuat aduan kepada Pengawal Perihal Dagangan bahawa responden pertama dan kedua melakukan kesalahan di bawah s 3 Akta tersebut dengan memohon perihal dagangan palsu atas barangan yang dibekalkan oleh mereka. Berdasarkan pengaduan ini, pegawai-pegawai daripada Pengawal Perihal Dagangan ('Pengawal') merampas daripada premis responden pertama dan kedua 2,955 karung kanji ubi kayu bertanda huruf ABC dalam tiga segi. Pada 25 Mei 1999 responden pertama dan kedua diberi kebenaran untuk mencelah dalam permohonan ini yang mana dimulai secara ex parte oleh pemohon. Selepas responden-responden memfailkan permohonan mereka, mereka dipertuduh di bawah s 3 Akta berkenaan karungan kanji ubi kayu yang dirampas dari premis mereka. Walau bagaimanapun, perbicaraan responden-responden ditangguhkan sementara menunggu keputusan permohonan ini.

A B C D E F G H I

A Dalam permohonan ini, responden-responden mempersoalkan hak ekslusif THC terhadap penggunaan tanda dagangan ABC atas alasan bahawa THC bukanlah pencipta atau pemilik *common law* tanda dagangan ABC tersebut. Mereka juga membangkitkan alasan-alasan prosedur terhadap PPD tersebut agar perintah itu diketepikan. Responden-responden berhujah B bahawa PPD yang dikeluarkan dan dilaksanakan bukanlah perintah yang diberikan oleh hakim, maka, perlu diketepikan. Mereka selanjutnya berhujah bahawa PPD dalam kes ini tidak boleh diguna pakai oleh sebab tidak ada perincian tentang pelanggaran tanda dagangan tetapi hanyalah lampiran gambarnya. Tambahan pula, mereka berhujah bahawa THC gagal membuat C penzahiran penuh dan telus apabila memohon PPD tersebut, maka, THC gagal menunjukkan kepada mahkamah bahawa responden-responden telah mengimport dan menjual kanji ubi kayu menggunakan tanda dagangan ABC. Responden-responden juga memohon ganti rugi ditaksirkan oleh pendaftar apabila PPD itu diketepikan. Sebaliknya THC menyatakan D responden-responden dan Pengawal tersebut tidak pernah ragu-ragu bahawa hal perkara PPD adalah tanda dagangan dan bukannya cara gaya seperti dalam gambar yang dikemukakan. THC juga menyatakan bahawa PPD tersebut tidak harus diketepikan atas dasar tak menzahirkan, oleh sebab E responden-responden tidak menghentikan aktiviti-aktiviti pelanggaran mereka walaupun surat penghentian telah dihantar oleh THC. Akhirnya THC mengguna pakai s 34 Akta tersebut untuk menentang sesuatu perintah, jika ada, untuk perkiraan ganti rugi. Isu utama di hadapan mahkamah ini ialah sama ada PPD tersebut sah dan boleh membentuk dasar bagi sebarang F tindakan atau pendakwaan.

Diputuskan, mengenepikan PPD tersebut dengan kos:

G (1) PPD merupakan suatu perisytiharan dan hal perkara perisytiharan tersebut adalah tentang pelanggaran tanda dagangan ataupun pelanggaran cara gaya, maka, perintah tersebut mestilah mengenalpasti hal perkara pelanggaran tersebut. PPD yang telah diperintahkan adalah berkenaan tanda dagangan tetapi PPD yang dikeluarkan dan H dilaksanakan dan yang akan diguna pakai dalam pendakwaan responden-responden adalah berkaitan dengan cara gaya. Cara gaya dan tanda dagangan adalah dua perkara yang berbeza. PPD itu, seperti yang telah dikeluarkan, tidak pernah diberikan oleh hakim dan oleh itu kewujudannya tiada asas. Maka, PPD tersebut adalah batal dan tidak I sah dan patut diketepikan (lihat perenggan 23).

(2) Satu-satunya tujuan PPD ialah untuk membantu perlaksanaan Akta tersebut dengan mengisytiharkan pelanggaran tanda dagangan merupakan perihal perdagangan palsu. Perintah tersebut memberikan bukti-bukti yang kukuh tentang perihal dagangan palsu dan juga

menjadikannya satu kesalahan, kerana tindakan yang tidak boleh dibuktikan sebagai kesalahan di bawah s 3 Akta, kini boleh dibuktikan salah dengan adanya PPD. Oleh itu PPD sepatutnya tepat dalam bentuk dan isi. Sebarang pindaan terhadap perintah yang telah dikeluarkan mengikut kaedah khilaf tidak mungkin dibolehkan pada peringkat ini kerana pindaan tersebut tidak akan membawa apa-apa makna. Pindaan yang memberi kesan terhadap PPD tersebut mestilah mempunyai kuatkuasa kebelakangan tetapi itu bercanggah pula dengan sifat kuatkuasa kebelakangan liabiliti jenayah. Kesalahan responden-responden apabila tindakan diambil terhadap mereka bergantung kepada PPD itu dan jika perintah tersebut tidak sah, maka asas untuk tindakan dan pendakwaan bagi suatu kesalahan terhadap responden-responden tidak wujud (lihat perenggan 23 & 34).

(3) Menurut Mahkamah Rayuan, PPD tidak boleh diguna pakai jika perintah tersebut tidak mengenal pasti pelanggaran tanda dagangan dengan cara menggambarkannya secara lisan. Mengenal pasti dengan hanya melampirkan gambaran pelanggaran tanda dagangan tersebut tidak memenuhi kehendak s 16 Akta tersebut. Oleh itu, dalam permohonan ini mahkamah terikat kepada keputusan Mahkamah Rayuan yang memutuskan bahawa PPD dalam kes ini tidak boleh diguna pakai dan oleh itu hendaklah diketepikan (lihat perenggan 29–31).]

Notes

For a case on use of trademark, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) para 2016.

For cases on trade description order, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) paras 2203–2216.

Cases referred to

Chan Kuan Sang, Re [1993] 2 MLJ 375 (refd)

Cho Heng Rice Vermicelli Factory Co Ltd v Rifetra Sdn Bhd [1997] 5 MLJ 249 (refd)

Dlm Perkara Johnson & Johnson [1993] 3 MLJ 122 (refd)

Majuperak Tepung Beras Sdn Bhd v Tiga Gajah Cho Heng Sdn Bhd [2001] 3 MLJ 508 (refd)

Parkson Corp Sdn Bhd v Fazaruddin bin Ibrahim (t/a Perniagaan Fatama) [2002] 4 MLJ 122 (refd)

Socooil Corporation Bhd v Ng Foo Chong & Anor [1981] 2 MLJ 7 (refd)

Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd [1997] 4 MLJ 504 (refd)

Legislation referred to

Trade Descriptions Act 1972 ss 3, 4, 5 16, 16(1), 16(1)(a), 16(1)(b), 16(2), 16(3)

Trade Marks Act 1976 ss 34, 38(1), 45

Ambiga Sreenevasan (Janini Rajeswaran, James Yap with her) (Lee Hishammuddin Allen & Gledhill) for the applicant.

Michael SM Soo (Ng Kim Poh with him) (Shook Lin & Bok) for the first and second respondents.

Abdul Aziz Mohammad J (now FCJ):

[1] These two applications arose from a trade description order ('TDO') that I made on 13 November 1997.

[2] Two trademarks have been registered in Part A of the Register of Trademarks in class 3a in the name of Thye Huat Chan Sdn Bhd ('THC') as their proprietor. One is trademark No 87/01110, which was registered as from 20 March 1987, which was also the date of the application for registration. The other is trade mark No 93/07762, which was registered as from 4 October 1993, which was also the date of the application for registration.

[3] Although of later registration, it is convenient to first describe trademark No 93/07762. It consists of the letters ABC arranged in a triangle with the letter A above the letters BC and in such a way that the three letters together form a triangle within the enclosing triangle. The enclosing triangle has a base strip shaped like the hull of a boat, so that the entire design may be said to represent a sailing boat. Under the base strip are the words CAP KAPAL ABC.

[4] The earlier trademark No 87/01110 also features the design of the other trademark, that is, the letters ABC in a triangle with a base strip, but this is enclosed within two concentric circles. In the circular rim formed by the two circles are five stars at the top and, at the bottom, the words CAP KAPAL ABC DAN BINTANG LIMA.

[5] The registration of the two trademarks is subject to the disclaimer that it gives no right to the exclusive use of the letters ABC. I wish to straight away dispose of the question of the disclaimer, which is one of the questions that has arisen in this case, by saying that, in my judgment, the disclaimer does not debar any right to the exclusive use of a mark consisting of those words in a triangle as in the two registered trademarks.

[6] The goods in which the parties are interested in this case are, as the parties term them, tapioca starch. Trademark No 87/01110, although registered, besides other goods, in respect of rice and sago flours, is not registered in respect of tapioca starch. Trademark No 93/07762 is registered in respect of tapioca starch, the term used in the registration being 'tapioca flour'. It is registered also in respect of rice flour, sago flour and other goods.

[7] On 22 August 1997, THC, by an ex parte notice of motion, applied for a TDO under s 16 of the Trade Descriptions Act 1972 ('the Act'). Subsections (1), (2) and (3) of the section provide as follows:

> (1) where any person being a proprietor or registered user of a registered trade mark within the meaning of any written law relating to trademarks or being otherwise entitled at law to the protection of a trade or other mark or a get-up for any goods or services established —
>
> (a) in the case of a registered trade mark, that his rights in respect of such trade mark are being infringed in the course of trade within the meaning of the written law; or
>
> (b) in the case of a trade or other mark or get-up for any goods or services, that his rights in respect of such trade or other mark or get-up are being infringed in the course of trade as a result of which he has a right of action for passing off,
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> the High Court may on the application of such person make an order declaring that the infringing trade or other mark or get-up as the case may be is for purposes of this Act a false trade description in its application to such goods as may be specified in the order.
>
> (2) the High Court may on the application of such person make an order declaring that the infringing trade or other mark or get-up as the case may be is for purposes of this Act a false trade description in its application to such goods as may be specified in the order.
>
> (3) A subsisting trade description order made by any High Court in Malaysia shall be admissible in evidence in any proceedings under this Act in which it is relevant as conclusive proof of a false trade description.

[8] Among the persons who may apply under s 16 are 'a proprietor … of a registered trade mark' and a person who is 'otherwise entitled at law to the protection of … a get-up for any goods'. As to what a get-up is, Christopher Wadlow says in *The Law of Passing Off* (1990) at p 351:

> The term 'get-up' is normally used in passing off to mean the whole visible external appearance of goods in the form in which they are likely to be seen by the public before purchase. If the goods are sold in packages, then their get up means the appearance of the pack taken as a whole. If they are sold or displayed unpackaged, then the get up relied upon can only be that inherent in the goods themselves.

A get-up is therefore something entirely different in concept from a trademark, although a trademark may appear in the get-up.

[9] In the case of the proprietor of a registered trademark, to be entitled to a TDO he must establish what is laid down in para (a) of sub-s (1) of s 16, that is to say, that his rights in respect of the trademark are being infringed in the course of trade within the meaning of the Trade Marks Act 1976, which in s 38(1) provides, inter alia, that 'A registered trade mark is infringed by a person who, not being the registered proprietor of a trade mark or registered user of a trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to the goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken … as a trade mark'.

[10] In the case of a person entitled to the protection of a get-up for any goods, to be entitled to a TDO he must establish what is laid down in para (b) of sub-s (1) of s 16, that is to say, that his rights in respect of the get-up are being infringed in the course of trade as a result of which he has a right of action for passing off.

[11] Where the applicant is the proprietor of a registered trademark, the TDO that is to be made is, according to sub-s (1) of s 16, an order declaring that the infringing trademark is for the purposes of the Act a false trade description in its application to such goods as may be specified in the order. Where the applicant is a person entitled to the protection of a get-up for any goods, the TDO is in the same terms, except that its subject is the infringing get-up instead of the infringing trademark. In either case, since a TDO is a declaration, and the subject of the declaration is an infringing trademark or an infringing get-up, the order must identify the infringing subject.

[12] In its affidavit (which was in Malay) in support of its application under s 16, THC referred to the two registered trademarks as the CAP KAPAL ABC trademarks. In that affidavit THC, inter alia, said or claimed as follows. Besides being the registered proprietor of the CAP KAPAL ABC trademarks, it was under the common law the proprietor of rights in the trademarks in Malaysia in respect of flour-based goods (*barangan berasaskan tepung*) since 1982. The first time it sold flour-based goods under the CAP KAPAL ABC trademark in Malaysia was in 1987. It had the exclusive right

to use that trademark in packaging and distributing flour-based goods. It had found that the CAP KAPAL ABC trademark was being used without its licence on packages of flour which were not packaged or sold by it and which were available for sale to the general public in Malaysia. The unauthorised use of the trademark infringed its ownership rights in the trademark and was also an act of passing off.

[13] It was clear to me that THC was applying under s 16 as a proprietor of the registered trademarks and not as a person otherwise entitled at law to a get-up for flour, and that what it was seeking was a declaration that the alleged infringing trademark was a false trade description. But as the alleged infringing trademark was not exhibited I ordered that it be exhibited.

[14] THC accordingly filed an affidavit dated 28 October 1987 to exhibit the alleged infringing trademark. It also exhibited a photo of a sack of tapioca starch that it distributed under the CAP KAPAL ABC trademark. The sack bore the trademark that is registered as trademark No 93/07762, which is just the letters ABC in a triangle with a strip of base. As for the alleged infringing trademark, three photos were exhibited as exhs NT-2, NTS-3 and NTS-4. They were photos of sacks of tapioca starch held out as being produced in Thailand that THC bought from three different shops after I asked that the alleged infringing trademark be exhibited. Photo NTS-2 was of four bags from one shop, photo NTS-3 was of one bag from another shop and photo NTS-4 was of one bag from yet another shop. Each of the six bags bore the trademark of the letters ABC in a triangle like those in trademark No 93/07762, except that the triangle in each case did not have a strip of base. Further, the shaping of the letters ABC in the three exhibits differed slightly from one another and also from that of the letters ABC in trademark No 93/07762. The letters ABC on the four sacks in photo NTS-2 were identical, so that photo NTS-2, to all intents and purposes, represented one trademark.

[15] I was satisfied, on a comparison of the three trademarks on the bags in the three photos and on the facts adduced by THC, that its rights in respect of trademark No 93/07762 were being infringed in the course of trade within the meaning of the Act. My satisfaction was under para (a) of s 16(1). I therefore, on 13 November 1997, made an order declaring (in Malay) that each of the trademarks that was represented in exhs NT-2, NTS-3 and NTS-4 was for the purposes of the Act a false trade description in its application to flour. The subject matter of my order was the three infringing trademarks that appeared on the bags of tapioca starch in the three photos.

[16] THC's then solicitors duly filed a draft of the TDO, whose wording reflected the order that I made, including the reference to the three photos by way of specifying the infringing trademarks. But someone in the registry,

probably the senior assistant registrar, and probably because the photographs were of sacks with words and figures on them besides the letters ABC in a triangle, thought that the subject of the order was get-ups, and accordingly amended the draft to become an order about get-ups. The order that was approved and extracted was therefore not the order that I granted, but THC's solicitors, who would or should have noticed the change, did not take steps to have the mistake corrected.

[17] The sole purpose of a TDO is to aid in the enforcement of the Act, which is a penal statute enforced by the controller of trade descriptions, a designation that includes the deputy controller and assistant controller. Under s 3, it is an offence for any person, in the course of a trade or business, to apply a false trade description to any goods or to supply or offer to supply any goods to which a false trade description is applied. Section 4 defines a trade description as an indication, direct or indirect, and by whatever means given, of various specific matters with respect to any goods. Of those matters I will mention only the matter of person by whom the goods are manufactured, produced, processed or reconditioned. Section 5 defines a false trade description as a trade description that is false to a material degree. Thus if *A*, who manufactures a certain goods, applies to the goods an indication that it is manufactured by *B*, and offers to supply the goods in the course of a trade or business, he commits an offence under s 3.

[18] In the course of dealing with applications for a TDO in the past, I formed the impression that, in cases where there had been an unauthorised application to goods of a trademark belonging to someone, the controller had not been inclined to take action towards prosecuting the person concerned for an offence under s 3 without a TDO. The reason for that is probably the difficulty or impossibility of proving, from the fact of application of the infringing trademark, what, among the matters specified in s 4, the application of the trademark is an indication of and that, whatever the indication may be, it is false. But if there is a TDO declaring the infringing trademark to be a false trade description, then it furnishes conclusive proof of a false trade description by virtue of sub-s (3) of s 16, so that by virtue of the TDO there is conclusive proof that by applying the infringing trademark to the goods a false trade description has been applied to them. So in a prosecution for an offence under s 3, with the existence of a TDO, it will not be necessary to establish what matter, among the matters specified in s 4, the trademark is an indication of or to prove that the matter indicated is false. A TDO therefore is not only evidentiary in nature, it also in a sense creates an offence, because an act that may not be capable of being proved to be an offence under s 3 can now, with the TDO, be conclusively proved to be an offence. As I have said elsewhere, a TDO is a formidable instrument.

[19] In this case, on a complaint by THC after obtaining the TDO, on 1 July 1998 the controller's officers seized from the premises of Thye Shen Trading Sdn Bhd ('TST') and Teong Fatt Commodities (M) Sdn Bhd ('TFC') bags of tapioca starch bearing the letters ABC within a triangle, each of 20kgs. 2000 bags were seized from TST and 955 bags from TFC. Seizures were also made from the premises of other traders.

[20] On 1 August 1998 TST and TFC, by separate applications, applied to intervene in this action in order, inter alia, to have the TDO set aside or, alternatively, to have the Register of Trademarks rectified by expunging therefrom trademark No 87/01110 and trademark No 93/07762. On 25 May 1999, I granted leave to intervene to TST and TFC, who have since become respondents in this action, which was commenced ex parte by THC the applicant. TST and TFC have not pursued their alternative prayer for rectification of the Register. I think that is a right decision because if THC had applied for the TDO inter partes at the outset, I would not think it right that TST and TFC, in resisting the application, which was made under s 16 of the Act on the statutory basis of THC's being the proprietor of those registered trademarks, should be allowed to apply for rectification of the register. An application for rectification of the register should be made separately under s 45 of the Trade Marks Act 1976 'in the prescribed manner' and not be introduced by way of resisting an application for a TDO under s 16 of the Trade Descriptions Act 1972. It is the applications of TST and TFC that are now under consideration.

[21] After TST and TFC filed their applications, they were charged under s 3 of the Act in respect of the bags of tapioca starch seized from their premises. Other traders who have suffered seizures on the strength of the TDO have also been similarly charged. The trials of TST and TFC have been suspended to await the outcome of these applications.

[22] As a substantive issue, these applications question THC's right to exclusive use of the trademark ABC within a triangle. Other issues of a technical or procedural nature have also arisen. I will deal first with these other issues.

[23] The respondents argue that for the reason alone that the TDO that was extracted and acted upon was not what I ordered, it should be set aside. The thrust of THC's argument is that the respondents and the controller were never in doubt that the subject of the TDO was the trademarks and not the get-ups in the photos that were exhibited. As I said before a get-up and a trademark are two entirely different things. Since the TDO that I made was in respect of trademarks, I did not make the TDO which was extracted and acted upon and will be used in the prosecution of the respondents, which is

in respect of get-ups. The TDO in the form in which it was extracted was never granted and therefore has no basis for its existence. In my judgment it is null and void and ought to be set aside. A strict attitude is particularly called for in this case towards extracted orders not representing the order made, in view of the fact, as explained earlier, that a TDO is not only a piece of conclusive evidence but also virtually creates an offence. THC suggests that the extracted order be amended under the slip rule. In my judgment an amendment is not possible because the TDO has expired on 12 November 2002, even before the close of submission. But more importantly, the guilt of the respondents on 1 July 1998, when action was taken against them, depends on the TDO. If the TDO was invalid, the basis for action and prosecution for an offence on 1 July 1998 did not exist. For a meaningful amendment of the TDO, it has to be made with retrospective effect, but that would be going against the rule against retrospectivity of criminal liability.

[24] Another technical point concerns the manner of identifying the infringing trademark in a TDO. The point arises from the decision of the Court of Appeal in *Majuperak Tepung Beras Sdn Bhd v Tiga Gajah Cho Heng Sdn Bhd* [2001] 3 MLJ 508, which was an appeal from the High Court judgment in *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504. In that case, going by the High Court judgment, the respondent in the appeal (Tiga Gajah) was the owner of a registered trademark consisting of an elephant device within an oval in respect of rice flour and other goods. The appellant in the appeal (Majuperak) sold rice flour under a trademark consisting of a full drawing of an elephant, that is, not simply an elephant device. The respondent obtained ex parte a TDO which identified the infringing trademark as 'the ELEPHANT device as is more specifically represented in the schedule hereto or any other device which is colourably and/or confusingly similar thereto, affixed [etc] on … rice flour [etc] not manufactured [etc] by the applicant [ie Tiga Gajah] [etc]' and declared that it shall be deemed a false trade description within the meaning of the Act. The elephant device in the schedule to the TDO was the respondent's own elephant device. Acting on the TDO, the controller's men raided the appellant's factory. The appellant applied, inter alia, for the setting aside of the TDO. The High Court dismissed the appellant's application.

[25] It will be seen that the TDO identified the infringing trademark in two ways. One was specifically, by reference to the elephant device as depicted in the schedule, but it was the respondent's own trademark. The other was the general and broad description of 'any other device which is colourably and/or confusingly similar' to the elephant device. In either case, the infringing trademark was further described as being affixed to rice flour not manufactured by the respondent.

[26] The Court of Appeal allowed the appeal and set aside the TDO. The Court of Appeal's reason can be seen in the following words of Gopal Sri Ram JCA at p 513:

> That brings me to the critical question. Did the respondent identify the infringing trademark with sufficient precision? Ms Abraham says that it did. She says that the relevant mark was annexed to the order. I have looked at the order with care. I can find nothing in it that identifies the infringing mark with precision. It merely refers to 'the elephant device as is more specifically represented in the schedule'. There is no other description of the mark either by reference to colour or other distinguishing feature. In these circumstances, merely annexing a mark to the order without proper description does not satisfy the requirements of s 16. There has, therefore, been non-compliance with the terms of the said section when the ex parte order was obtained.

[27] The respondents argue, on the basis of that passage, that according to the Court of Appeal a TDO is bad if the infringing trademark is not described but is merely affixed to the order. Therefore the TDO in the present case is bad because it does not give a description of the infringing trademarks but merely annexed photos of them.

[28] THC argues that the Court of Appeal could not have meant that affixing the infringing trademark to a TDO is insufficient. THC argues that the reason the Court of Appeal set aside the TDO in that case was because it declared the respondent's own trademark as the infringing trademark, as well as a trademark that was colourably or confusingly similar to it.

[29] To me it is clear from the passage quoted that to the Court of Appeal a TDO would be bad if it does not identify the infringing trademark by means of a verbal description of it and that identification by merely annexing a representation of the infringing trademark would not satisfy s 16.

[30] The ruling of the Court of Appeal was made after finding that the views that had been expressed earlier by me in *Chan Kuan Sang, Re* [1993] 2 MLJ 375 and *Dlm Perkara Johnson & Johnson* [1993] 3 MLJ 122 and by Vincent Ng J (now JCA) in *Cho Heng Rice Vermicelli Factory Co Ltd v Rifetra Sdn Bhd* [1997] 5 MLJ 249 correctly represented the law governing applications for a TDO. I have, however, to explain that in *Chan Kuan Sang* and *Johnson & Johnson* when I said that a TDO must precisely and specifically identify the infringing trademark I meant that it must be the very trademark to which the court's attention had been directed in the application as the trademark that the applicant complained of as having infringed his trademark. I was thinking of the practice of including in a TDO, as an infringing trademark, any other mark that is colourably or confusingly similar to the trademark that is the subject of the applicant's complaint, as happened

in the *Majuperak* case. I was of the view, for the reasons explained in those cases, that an infringing trademark ought not to include a trademark indentified in such general terms, which would give rise to a controversy, when it comes to using the TDO as conclusive proof in a particular prosecution involving the use of what the prosecution claims to be a colourably or confusingly similar trademark, whether the trademark is so similar. I did not mean to say that in the case of a particular infringing trademark it must be identified in a TDO by means of a verbal description of it instead of, or in addition to, an identification by means of a visual representation of it.

[31] I am, however, now bound by the Court of Appeal's decision in the *Majuperak* case to hold that the TDO in this case was bad in law and accordingly to set it aside.

[32] Another ground of a technical or procedural nature that the respondents rely on for setting aside the TDO is failure to make full and frank disclosure when applying for the order. Several instances of this have been cited but I consider that only one merits consideration. It is that THC failed to disclose to the court the fact that the respondents had been importing and selling tapioca starch bearing the ABC trademark. It is a fact that, before applying for the TDO, THC was aware that the respondents and other traders had been importing and selling tapioca starch with the ABC trademark and knew of their identities and particulars because in May 1996 THC's solicitors sent cease and desist letters to them. The respondents and these other traders were not *pasar malam* traders of counterfeit goods with no fixed addresses who would, moreover, not be interested to oppose an application for a TDO. They were regular traders with fixed addresses dealing with a food product who might wish, as certainly the respondents did, to oppose an application for a TDO.

[33] If the particulars of the respondents had been disclosed, I would, in accordance with the attitude that I had always adopted, have ordered that the application be served on them with a view to hearing it inter partes. In fact, in *Socooil Corporation Bhd v Ng Foo Chong & Anor* [1981] 2 MLJ 7, the Federal Court said at p 8H (right) that although s 16 does not require the hearing of an application for a TDO to be inter partes, the court may direct the papers to be served on an interested or affected party. THC says that when, on my instructions, they exhibited photos of the infringing trademarks, one of them disclosed the name of another infringer on the bags of tapioca starch, but I nevertheless proceeded to deal with the application on an ex parte basis. The photos were not, however, intended as a disclosure of the identity and particulars of the traders but only to show what the alleged infringing trademarks looked like. There was no express disclosure by

affidavit of the identity and particulars of the traders. Moreover, if what THC intends is the photo of the four bags, in the court file it is a photostat copy of a photograph, from which the particulars of the trader cannot be made out.

[34] As I said earlier, the only purpose of a TDO is to aid in the enforcement of the Act by functioning as proof of an offence involving the application of a false trade description in cases where there has been an unauthorised application to goods of a trademark. A TDO is conclusive proof in such a case of a false trade description. And in view of the seeming reluctance that I have adverted to, to take action in a case without the aid of a TDO, so that, as I have tried to explain, a TDO in a sense creates an offence besides being evidentiary, until a TDO was made in this case, there would have been no evidence on which to prosecute the respondents and virtually they would, besides, not have committed an offence and their goods would not have been seized. If the respondents had been made parties to the application for the TDO, then, even if the order was ultimately granted, the respondents would have been able to take steps, which I think would have been perfectly legal, to avoid seizure and prosecution, such as by repacking the tapioca starch in bags that did not bear the infringing trademark before the controller's officers could get to them. In the present case it took several months after the TDO was made for the controller's officers to seize the respondents' goods. It is true that this means that in inter partes cases it may be pointless to obtain a TDO, pointless, that is, from the point of view of use of the TDO, although not entirely, because the errant trader would have been shown his error and desisted from it, so that the TDO would have served to prevent further infringement and to remove an undesired competition. But that result is unavoidable. It arises from the greater need that before such a drastic instrument is created to be used against a person, he should, in a case such as this, be given an opportunity to oppose its making. In this connection, THC's argument that to proceed with its application inter partes would have been inconvenient because, besides the respondents, whom they were not specially targeting, there were many other traders trading in tapioca starch under the ABC trademark, is no valid excuse. THC in fact concedes that in certain cases an application for a TDO should be made inter partes.

[35] THC argues that the argument that if the respondents had been made parties they could have taken certain steps to avoid action in the event that the order was made is not available to the respondents if the court finds that they were infringers because otherwise an ex parte application for a TDO can never be made. It is a difficult argument to follow, but I will say that an ex parte application can still be made in cases such as those involving the use of a trademark on counterfeit goods sold by *pasar malam* or other petty traders.

[36] THC argues that now that the matter is heard inter partes, if the court finds that THC's trademark has been infringed and therefore the TDO was properly made, it ought not to be set aside for reason of non-disclosure of the respondents. But the damage has been done. The respondents' goods have been seized and they are facing prosecution. That could have been avoided had there been disclosure and the application was dealt with inter partes at the outset. The TDO has, therefore, to be set aside for non-disclosure.

[37] Finally THC argues that the respondents did not cease their infringing activities despite having being given the cease and desist letter and therefore the TDO ought not to be set aside for non-disclosure. But the cease and desist letter did not specifically threaten the sanction of criminal proceedings by means of a TDO. THC threatened to commence legal proceedings for infringement of its intellectual property rights in its trademarks. The letter and threat had a civil flavour. The failure to cease and desist may be relevant in a suit for infringement of the trademarks, but is irrelevant to the question of setting aside the TDO for non-disclosure.

[38] I will now deal with the respondents' substantive ground for setting aside the TDO. This is stated in paras 25 and 26 of the respondents' written submission dated 9 June 2000. It is that THC is not the originator or the common law proprietor of the ABC trademark. As to why THC is not such, the reason given in respect of the respondent TST is worded differently from that in respect of the respondent TFC, although, in respect of both, the reason is related to the dates THC applied for and obtained registration of trademark No 87/01110 and trademark No 93/07762, the dates being 20 March 1987 and 4 October 1993 respectively. The respondents, however, qualify in para 25 the question of the dates by saying that THC cannot rely on the registration of trademark No 87/01110 because that trademark is not registered in respect of tapioca starch. I take it, therefore, that to the respondents the reason given in paras 25 and 26 is related to the date for trademark No 93/07762 only, which is 4 October 1993.

[39] I will deal first with the case of TFC. The reason given in para 26 is that TFC's predecessor in title, Tong Huat Trading Co, had imported, distributed and sold tapioca starch bearing the ABC trademark since 1980, that is before 4 October 1993, the date for trademark No 93/07762. For proof, TFC exhibited documents comprising customs declaration forms and invoices, as to which THC says in para 26 of its written submission dated 26 November 2002 that references to the ABC trademark are only found in documents dated 1994 and after. I find this to be true. TFC has therefore failed to prove its claim that its predecessor had imported, distributed and sold tapioca starch bearing the ABC trademark before 4 October 1993 and

therefore fails in its reason for contending that THC is not the originator or common law proprietor of the ABC trademark.

[40] As regards TST, the reason given in para 25 of its written submission dated 9 June 2000 is that it had been using the ABC trademark in respect of tapioca starch openly since 1986, that is before 4 October 1993, the date for trademark No 93/07762. Although, as THC argues in para 24 of its written submission dated 26 November 2002, the documents that TST relies on for proof do not prove the date 1986 claimed by TST, there are documents dated 1990 and after that refer to goods bearing the ABC trademark, and 1990 was before 4 October 1993. TST has therefore substantiated its claim that it has been using the ABC trademark in respect of tapioca starch openly before 4 October 1993, which date is used as the reason for contending that THC is not the originator or common law proprietor of the ABC trademark.

[41] But to overcome that contention, THC relies on a claim that, as between THC and TST, THC was the first to use the ABC trademark in Malaysia, having been using it since 1980. Although the documents relied upon by THC as proof, as set out in para 20 of its written submission dated 26 November 2002, do not furnish proof as regards the year 1980, there are documents that show that THC had been supplying goods bearing the ABC trademark in 1984, that is before the year 1986 claimed by TST. I do not think it is necessary for me to deal with THC's further claim that the ABC trademark had been assigned by its predecessor Thye Huat Chan who had been using it since 1973.

[42] I therefore find that the respondents fail in their substantive ground for setting aside the TDO. The order is, however, set aside on the technical grounds that I have dealt with earlier.

[43] The respondents also seek damages to be assessed by the registrar. The Court of Appeal has ruled in *Parkson Corp Sdn Bhd v Fazaruddin bin Ibrahim (t/a Perniagaan Fatama)* [2002] 4 MLJ 122 that where a TDO is set aside the High Court has jurisdiction to order assessment of damages. THC relies on s 34 of the Act which provides as follows:

> No person shall in any proceedings before any court in respect of the seizure of any goods seized in exercise or the purported exercise of any power conferred under this Act be entitled to the costs of such proceedings or subject to s 32 to any damages or other relief unless such seizure was made without reasonable or probable cause.

[44] I am of opinion that the section is intended to protect enforcement officers and their employer the government from a claim for damages for seizure of goods under the Act, and does not apply to a claim for damages

between traders upon the setting aside of a TDO. I therefore order that THC pay damages to the respondents to be assessed by the Registrar but the damages are to be confined to those directly arising from the seizure of the respondents' goods on 1 July 1998. I think that damages ought to be ordered because, if THC had made disclosure of the respondents and the application for the TDO had been dealt with inter partes, the respondents would have been able to lawfully avoid the seizure even if the TDO was granted.

[45] I order costs for the respondents.

TDO set aside with costs.

Reported by K Nesan